

Article 6: Qualifying Companies for Incentives Part 1 of 3

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Up to now we have had some good discussions on the value of economic development, strategic planning, and have also gained a basic understanding of the role of EDOs within the community. Now, I would like to shift the conversation to one of the most important functions of economic development; qualifying companies for incentives. This is a lengthy discussion and certainly open for debate. What I will cover are the basics and hopefully provide a basis for further discussion. So let's lay some groundwork.

First, an EDO can't stop businesses from locating to a community. As long as we live in a free country that

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values landowner rights, business entities enjoy the same freedoms. To that end, many companies come into the county and we may never know about it. However, my experience, which seems to

be supported by industry thinking, is that bigger entities will require some type of commitment from the community before considering a location. This means that, more often than not, we are competing with other communities for the bigger companies. At that point we have some control over choosing those companies we think are a good fit for the community.

Secondly, the county originally used a simple matrix to decide if they would support a project through tax abatements. X number of jobs with Y investment equaled a predetermined abatement term. This process didn't take into account the type and quality of jobs, or the overall impact on the community. To change this, when the WCEDP began contracting with the county, we implemented an economic impact

model. So we now have a better way to qualify companies seeking incentives.

Finally, with one exception, the county only offers tax abatements as an incentive. An abatement is a reduced valuation on qualifying property, similar to an ag exemption. The next article series (Article 7) will get into more details about abatements, but for now, I will just talk about it as part of the process.

After running the impact analysis, an offer is made to the company. It can be accepted, rejected, or negotiated (to a point). The final terms are submitted to the county attorney and then to commissioners court, along with an executive summary of the analysis results. If a company chooses to accept the abatement offer, they enter into an agreement. This agreement is monitored by the appraisal district and a copy is also sent to the State Comptroller's office. If a company doesn't perform according to the agreement, they can lose the abatement.

Stay tuned for the next part in this series on economic development. If you have any questions or feedback, please feel free to email me at vyokom@wallercounty.org.

About the Waller County Economic Development Partnership (WCEDP): The WCEDP is a Texas non-profit corporation with an IRS 501 (C) 6 tax designation. We are non-political and have a 24-member board, which includes representation from every community in Waller County that has an economic development program. To learn more, visit www.wallercounty.org.

Mission: The WCEDP is organized to operate a charitable service center to foster increased, environmentally balanced business commerce, positive growth, and overall cooperation and coordination for all communities throughout Waller County, Texas.